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13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 SAN JOSE DIVISION
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21 SECURITIES AND EXCHANGE
22 COMMISSION,

23 Plaintiff,

24 vs.

25 MARK LESLIE, et al.,

26 Defendants.
27
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Civil Action No. C 07-3444 JF

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S MOTION
TO DISBURSE FUNDS TO PAY TAX
OBLIGATIONS**

29 The Securities and Exchange Commission ("SEC") respectfully requests the Court to enter an
30 Order for the Clerk of the Court to disburse funds on deposit with the registry of the Court to pay
31 certain tax obligations of the fund under this Court's jurisdiction in this action.

32 On August 3, 2007, the Court entered final judgments against defendants Michael M. Cully
33 and Douglas S. Newton pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. Pursuant to
34 the final judgments, defendant Michael M. Cully paid a total of \$216,470.67 of disgorgement and

35 PLAINTIFF SECURITIES AND EXCHANGE
36 COMMISSION'S MOTION TO DISBURSE FUNDS
37 TO PAY TAX OBLIGATIONS
38 SEC v. MARK LESLIE, et al., Civil Action No. C
39 07-3444 -JF

1 penalty to the Clerk of the Court and defendant Douglas S. Newton paid a total of \$62,263.36 of
 2 disgorgement and penalty to the Clerk of this Court (the "Settlement Fund"). The Settlement Fund
 3 was thereafter deposited in an interest-bearing account under the case name designation "SEC v.
 4 Mark Leslie, et al." The Settlement Fund constitutes a Qualified Settlement Fund ("QSF") under
 5 section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26
 6 C.F.R. §§ 1.468B-1 through 1.468B-5.

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 8 On October 26, 2007, the Court entered an order appointing Damasco & Associates
 9 ("Damasco") as Tax Administrator to fulfill the obligations of the Settlement Fund. Pursuant to that
 10 order, Damasco is required to pay taxes in a manner consistent with the treatment of the Settlement
 11 Fund as a QSF and is to be compensated for the tax services provided.

12 As set forth in the attached Declaration of Jude P. Damasco (Exhibit 1), Damasco has
 13 determined that the Settlement Fund owes \$980 in tax liability for the tax year 2007. Because
 14 Damasco has informed the SEC that the payment is due March 17, 2008, the SEC respectfully
 15 requests expedited consideration of this motion.
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17 For the foregoing reasons, the SEC respectfully requests that this Court enter the attached
 18 proposed Order and grant such other relief as it deems just and proper.

19 Dated: March 11, 2008

20 Respectfully submitted,

21 /s/ Richard Hong
 22 Richard Hong
 23 Assistant Chief Litigation Counsel
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 25 EXCHANGE COMMISSION
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CERTIFICATE OF SERVICE

I, Richard Hong, counsel for Plaintiff Securities and Exchange Commission, hereby certify that I have this day, March 11, 2008, caused a copy of the foregoing Plaintiff Securities and Exchange Commission's Motion to Disburse Funds to Pay Tax Obligations to be served by electronic mail and by first-class mail to the following:

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